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(2) After taking the report prepared by the Commission under paragraph (1) and the determination of the review committee into account, the United States Trade Representative shall—

(A) determine whether the import relief provided to the industry under section 205 of the Act should be terminated or modified; and

(B) may provide for the termination of the relief or for such modification of the relief as he considers necessary or appropriate.

SEC. 704. REGISTRATION OF FOREIGN-CONTROLLED INTERESTS IN UNITED STATES PERSONS.

(a) INTERESTS ACQUIRED AFTER ENACTMENT.—Within 30 days after a foreign person acquires, directly or through any subsidiary or affiliate—

(1) a significant interest in a United States property, or

(2) a controlling interest in a United States business enterprise,

the foreign person shall register that interest with the Secretary.

(b) INTERESTS ACQUIRED BEFORE ENACTMENT.—Any foreign person who, on the date of enactment of this Act, has acquired and continues to hold—

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(1) a significant interest in a United States property, or

(2) a controlling interest in a United States business enterprise,

shall register that interest with the Secretary within 180 days after the date on which regulations are prescribed pursuant to subsection (h) of this section.

(c) CONTENTS OF REGISTRATION.—Each registration required under subsection (a) or (b) of this section shall be in such form and in accordance with such procedures as the Secretary may require by regulation and shall contain the following:

(1) The identity, address, legal nature, and nationality of the foreign person.

(2) The date on which the foreign person acquired the interest.

(3) The relation of the foreign person to the United States property.

(4) The name, location, and industry of the United States property.

(5) The size of the interest acquired in the United States property and the price paid for the interest.

(6) Such other information as the Secretary may require by regulation in furtherance of the purposes of this Act.

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(d) ADDITIONAL CONTENTS REQUIRED IN ACQUISITIONS OF CONTROLLING INTERESTS.—If the interest being registered under subsection (a)(2) or (b)(2) is a controlling interest in a business enterprise, the registration shall also contain—

(1) with respect to the foreign person, an English translation of any public financial disclosures filed in the home country of the foreign person;

(2) with respect to the United States business enterprise—

(A) a balance sheet and income statement, and a statement of sales, assets, operating income, changes in financial condition, and depreciation by industrial segment, prepared in accordance with generally accepted accounting procedures and accompanied by an auditor's statement and explanatory notes;

(B) the location of all facilities within the United States;

(C) the identity and nationality of the directors and executive officers, the compensation of the executive officers, and any related business transactions of any director; and

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(D) a description of any significant civil litigation in which the business enterprise has been involved within the past year.

(e) ANNUAL REPORTS.—Within 90 days after the beginning of each calendar year, a foreign person who has registered an interest under this section shall report to the Secretary any changes in the information required under subsections (c) and (d) that have occurred since the registration or previous report. The report shall be in such form and in accordance with such procedures as the Secretary may require by regulation.

(f) CIVIL PENALTY.—Any foreign person who is late in registering an interest or reporting changes with respect to an interest in accordance with subsections (a) through (d) of this section shall be subject to a civil penalty of not more than $10,000 for each week the registration or report is late.

(g) CRIMINAL PENALTIES.—Any foreign person who willfully fails to register an interest or submit a report in accordance with subsections (a) through (d) of this section, or who willfully submits false or misleading information in the registration or report shall be fined not more than $10,000, be imprisoned not more than 1 year, or both.

(h) INVESTIGATIVE ACTIONS.—The Secretary may undertake such investigative actions as the Secretary considers necessary to monitor compliance with this section. For the

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purposes of conducting such investigations the Secretary of Commerce shall have the same powers and authorities as the Federal Trade Commission under sections 9 and 10 of the Federal Trade Commission Act.

(i) REGULATIONS.—Not later than 90 days after the date of enactment of this Act, the Secretary shall publish for notice and public comment regulations to carry out this section. The Secretary shall prescribe final regulations to carry out this section not later than 180 days after such date of enactment. Such regulations shall—

(1) establish forms and procedures for making such disclosures required by this section; and

(2) establish procedures for appropriately indexing, and providing public access to, the information disclosed under this section.

(j) REPORTS TO CONGRESS AND THE PRESIDENT.—The Secretary shall transmit in January of each year, beginning in 1989, a report to the President and to the Congress describing—

(1) the extent to which foreign persons hold significant or controlling interests in United States properties, the nationality of those foreign persons, the industries in which those interests are concentrated, and the social, economic, and other effects in the United States of such foreign interests;

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(2) the effectiveness and efficiency of the registration and reporting requirements contained in this section in providing the information required under this section and the extent to which the information provides a comprehensive description of the presence of foreign capital in the United States economy;

(3) the existence of other Federal data collection activities that overlap with, duplicate, or complement the registration and reporting requirements established under this section and that could be consolidated or eliminated without compromising the quality of data collected; and

(4) in the case of the first annual report, an analysis of the feasibility of establishing a system to track individual transactions representing other capital flows into the United States.

(k) INVENTORY OF FOREIGN CONTROLLED INTERESTS.—Not later than 1 year after the date of the enactment of this Act, the Secretary shall compile an inventory of interests registered or reported under this section. The inventory shall be made available for public access and shall index the information for retrieval by—

(1) the name and nationality of any foreign person who registers or reports an interest under subsection (a) through (e) of this section and of the stand-

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ard industrial classification number or numbers (as issued by the Director of the Office of Management and Budget);

(2) the name of the United States property in which any interest registered or reported under this section is held, the standard industrial classification number or numbers of any such United States property, and the State in which any such United States property is located.

(l) DEFINITIONS.—As used in this section:

(1) SECRETARY.—The term "Secretary" means the Secretary of Commerce.

(2) UNITED STATES.—The term "United States", when used in a geographic sense, means the several States, the District of Columbia, the Commonwealth of Puerto Rico, and all territories and possessions of the United States.

(3) BUSINESS ENTERPRISE.—The term "business enterprise" means—

(A) any sole proprietorship, branch, partnership, associated group, association, estate, trust, corporation, or other organization; and

(B) any group of business enterprises described in subparagraph (A) who are acting in concert.

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(4) UNITED STATES PROPERTY.—The term "United States property" means—

(A) any business enterprise organized under the laws of the United States or of a State or that has its principal place of business in the United States; and

(B) any real property located in the United States, including any mineral rights therein.

(5) FOREIGN PERSON.—The term "foreign person" means—

(A) any individual who is not a citizen of the United States;

(B) any business enterprise that is organized under the laws of a foreign government or which has its principal place of business outside of the United States;

(C) any foreign government or any agency or instrumentality of a foreign government; and

(D) any group of persons acting in concert which includes a foreign person described in subparagraph (A), (B), or (C), and each person in such a group.

(6) SIGNIFICANT INTEREST.—The term "significant interest" means—

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(A) any equity or ownership interest that equals or exceeds 5 percent of the total equity or ownership interests in—

(i) a United States property that (i) has assets with a market value in excess of $3,000,000; or (ii) had gross sales in the most recent fiscal year in excess of $10,000,000; or

(ii) any two or more United States properties if the properties, in the aggregate (i) have assets with a market value in excess of $12,000,000; or (ii) had gross sales in the most recent fiscal year in excess of $40,000,000; or

(B) any equity or ownership interest with a market value in excess of $10,000,000 in a United States property, regardless of the value of the United States property, excluding any interests which are determined in accordance with regulations prescribed by the Secretary to be transitory and temporary speculative holdings.

(7) CONTROLLING INTEREST.—The term "controlling interest" means an equity or ownership interest that equals or exceeds 25 percent of the total equity or ownership interests in a business enterprise that—

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(A) has assets with a market value in excess of $3,000,000; or

(B) has gross sales in the most recent fiscal year in excess of $12,000,000.

(8) ACQUIRE; HOLD.—The terms "acquire" and "hold", when used with respect to an interest, refer to the acquisition or holding of a beneficial ownership of that interest, regardless of whether such interest is held directly or through a nominee account or other financial intermediary.

(9) STATE.—The term "State" means any of the several States, the District of Columbia, the Commonwealth of Puerto Rico, and any territory or possession of the United States.

(10) BRANCH.—The term "branch" means the operations or activities carried out by a person in a different location in its own name, rather than through a separately incorporated entity.

(m) EFFECTIVE DATES.—

(1) IN GENERAL.—Subject to paragraph (2), this section shall take effect 90 days after the date on which regulations are prescribed under subsection (h).

(2) EFFECTIVE DATE FOR REGULATION REQUIREMENT.—Subsection (h) of this section shall take effect on the date of the enactment of this Act.

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SEC. 705. ENTRY PROCESSING FOR TEXTILES AND APPAREL.

The Congress determines that it is vital to the purposes of the Multi-Fiber Arrangement that bilateral limitations on shipments of textiles and apparel, and periodic adjustments to those limitations, be carried out on a timely basis in order to respond to the changing United States market for textiles and apparel. The Secretary of Commerce shall, within 90 days after the date of the enactment of this Act, institute procedures to expedite the interagency process for recommending and approving the issuance of notices requesting consultations and negotiations on such limitations and periodic adjustments.

Ways and Means Committee Amendment

TITLE VIII—TARIFF AND CUSTOMS PROVISIONS

Subtitle A—Permanent Changes in Tariff Treatment

SEC. 800. REFERENCE.

Whenever in this subtitle, subtitle B, or subtitle D an amendment or repeal is expressed in terms of an amendment to, or repeal of, a schedule, headnote, item, or other provision, the reference shall be considered to be made to a schedule, headnote, item, or other provision of the Tariff Schedules of the United States (19 U.S.C. 1202).

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enhance the confidence of United States consumers in domestically-produced products and the competitive position of such products in world markets.

(5) FEDERAL PROCUREMENT.—The Secretary shall periodically review Federal procurement policies and practices and make recommendations for such changes in those policies and practices as may be appropriate for purposes of assisting in the maintenance and expansion of United States competitiveness.

SEC. 906. ORGANIZATION OF TRADE AND COMPETITIVENESS FUNCTIONS.

Within 180 days of the date of the enactment of this Act the President shall report to the Congress recommendations for legislation to establish an agency in the Executive Branch to promote the competitiveness of United States industries in domestic and foreign commerce and to perform trade functions under existing law and the functions under sections 903, 904, and 905. Such an agency shall be headed by an individual with the same status as the head of an Executive department.

SEC. 907. NATIONAL SECURITY AND ESSENTIAL COMMERCE.

(a) INVESTIGATIONS BY SECRETARY OF COMMERCE.—Upon request of the head of any department or agency or upon the motion of the Secretary of Commerce

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(hereinafter in this section referred to as the "Secretary"), the Secretary shall immediately make an appropriate investigation to determine the effects on national security, essential commerce, and economic welfare of mergers, acquisitions, joint ventures, licensing, and takeovers by or with foreign persons which involve persons engaged in interstate commerce in the United States and of efforts by or with foreign persons to gain control of persons engaged in interstate commerce in the United States. In the course of the investigation, the Secretary shall seek information and advice from, and shall consult with, the Secretary of Defense and other appropriate officers of the United States. The Secretary shall, if it is appropriate and after reasonable notice, hold public hearings or otherwise afford interested parties an opportunity to present information and advice relevant to such investigation. The Secretary shall report—

(1) the findings of the investigation under this subsection with respect to the effect of the control of such persons by foreign persons upon the national security and essential commerce, and

(2) based on such findings, the recommendation of the Secretary for action or inaction under this section to the President within 45 days after beginning an investigation under this subsection.

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If the Secretary finds that the control of such persons by foreign persons threatens to impair the national security and essential commerce, the Secretary shall so advise the President. The President shall take such action, and for such time, as the President deems appropriate to restrict, suspend, or prohibit any effort made by a foreign citizen to merge, acquire, take over, or otherwise gain control of a person engaged in interstate commerce in the United States so that such control will not threaten to impair the national security and essential commerce unless the President determines that such effort by foreign citizens do not threaten to impair the national security and essential commerce.

(b) DOMESTIC PRODUCTION FOR NATIONAL DEFENSE.—For the purposes of this section, the Secretary and the President shall, in the light of the requirements of national security and essential commerce and without excluding other relevant factors, give consideration to domestic production needed for projected national defense requirements, the capacity of domestic industries to meet such requirements, existing and anticipated availabilities of the human resources, products, raw materials, and other supplies and services essential to the national defense and essential commerce, the requirements of growth of such industries and such supplies and services including the investment, exploration, and development necessary to assure such growth, and the control

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of such industries by foreign citizens as it affects such industries and the capacity of the United States to meet requirements of national security and essential commerce. In the administration of this section, the Secretary and the President shall further recognize the close relation of the economic welfare of the Nation to our national security and essential commerce, and shall take into consideration the impact of foreign control on the economic welfare of individual domestic industries, and any substantial unemployment, decrease in revenues of government, loss of skills or investment, or other serious effects resulting from the control of such industries by foreign citizens shall be considered, without excluding other factors, in determining whether such weakening of our internal economy may impair the national security and essential commerce.

SEC. 908. ACTION UNDER SECTION 301(c) OF THE TRADE ACT OF 1974.

The President shall immediately take all appropriate and feasible action under section 301(c) of the Trade Act of 1974—

(1) to remedy and prevent violations of the agreement entered into on September 2, 1986, between the United States and Japan concerning trade in semiconductors,

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position of such products in world markets.

(5) FEDERAL PROCUREMENT.--The Secretary shall periodically review Federal procurement policies and practices and make recommendations for such changes in those policies and practices as may be appropriate for purposes of assisting in the maintenance and expansion of United States competitiveness.

SEC. 906. ORGANIZATION OF TRADE AND COMPETITIVENESS FUNCTIONS.

Within 180 days of the date of the enactment of this Act the President shall report to the Congress recommendations for legislation to establish an agency in the Executive Branch to promote the competitiveness of United States industries in domestic and foreign commerce and to perform trade functions under existing law and the functions under sections 903, 904, and 905. Such an agency shall be headed by an individual with the same status as the head of an Executive department.

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SEC. 907. NATIONAL SECURITY AND ESSENTIAL COMMERCE.

(a) INVESTIGATIONS BY SECRETARY OF COMMERCE.--Upon request of the head of any department or agency, upon application of an interested party, or upon the motion of the Secretary of Commerce (hereinafter in this section referred to as the ``Secretary''), the Secretary shall immediately make an appropriate investigation to determine the effects on

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the national security and essential commerce of mergers, acquisitions, takeovers, and other efforts to gain control of persons engaged in interstate commerce in the United States by or with foreign persons. In the course of the investigation, the Secretary shall seek information and advice from, and shall consult with, the Secretary of Defense and other appropriate officers of the United States. The Secretary shall, if it is appropriate and after reasonable notice, hold public hearings or otherwise afford interested parties an opportunity to present information and advice relevant to such investigation. The Secretary shall report--

(1) the findings of the investigation under this subsection with respect to the effect of the control of such persons by foreign persons upon the national security and essential commerce, and

(2) based on such findings, the recommendation of the Secretary for action or inaction under this section to the President within 45 days after receiving an application from an interested party or otherwise beginning an investigation under this subsection.

If the Secretary finds that the control of such persons by foreign persons threatens to impair the national security and essential commerce, the Secretary shall so advise the President. The President shall take such action, and for such time, as the President deems appropriate to restrict,

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suspend, or prohibit any effort made by a foreign citizen to merge, acquire, take over, or otherwise gain control of a person engaged in interstate commerce in the United States so that such control will not threaten to impair the national security and essential commerce unless the President determines that such effort by foreign citizens do not threaten to impair the national security and essential commerce.

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(b) DOMESTIC PRODUCTION FOR NATIONAL DEFENSE.--For the purposes of this section, the Secretary and the President shall, in the light of the requirements of national security and essential commerce and without excluding other relevant factors, give consideration to domestic production needed for projected national defense requirements, the capacity of domestic industries to meet such requirements, existing and anticipated availabilities of the human resources, products, raw materials, and other supplies and services essential to the national defense and essential commerce, the requirements of growth of such industries and such supplies and services including the investment, exploration, and development necessary to assure such growth, and the control of such industries by foreign citizens as it affects such industries and the capacity of the United States to meet requirements of national security and essential commerce. In the administration of this section, the Secretary and the

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President shall further recognize the close relation of the economic welfare of the Nation to our national security and essential commerce, and shall take into consideration the impact of foreign control on the economic welfare of individual domestic industries, and any substantial unemployment, decrease in revenues of government, loss of skills or investment, or other serious effects resulting from the control of such industries by foreign citizens shall be considered, without excluding other factors, in determining whether such weakening of our internal economy may impair the national security and essential commerce.

SEC. 908. ACTION UNDER SECTION 301(c) OF THE TRADE ACT OF 1974.

The President shall immediately take all appropriate and feasible action under section 301(c) of the Trade Act of 1974--

(1) remedy and prevent violations of the agreement entered into on September 2, 1986, between the United States and Japan concerning trade in semiconductors,

(2) to serve as an incentive for compliance with such agreement,

(3) to compensate the United States for the harm suffered on account of noncompliance by Japan with such agreement, and

(4) to prevent further injury to the United States

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